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Voluntary initiatives and agreements

Report of the Secretary-General

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I. Background

1. The Commission on Sustainable Development endorsed the interactive dialogue that took place between Governments, industry, trade unions, non-governmental organizations, and international organizations in the industry segment organized during its sixth session in 1998.[1] At the same time, the Commission "noted the potential value of a review of voluntary initiatives and agreements, to give content and direction to the dialogue" between Governments and the representatives of these different stakeholder groups.[2] As a first step, the Commission invited representatives of industry, trade unions and non-governmental organizations to "examine voluntary initiatives and agreements to identify those elements that can be considered for this review".[2] It further indicated that the Department of Economic and Social Affairs of the United Nations Secretariat "could provide assistance in this process to facilitate an initial examination of voluntary initiatives by representatives of industry, trade unions and non-governmental organizations in order to identify those elements that could be considered for a possible review. The Secretariat was called upon to make the results of this initial examination available to Governments for their information. The Commission invited the Department, in cooperation with the United Nations Environment Programme (UNEP) and the United Nations Industrial Development Organization (UNIDO), to report to the Commission at its seventh session on "how voluntary initiatives and agreements could contribute to the future work of the Commission".

2. In response to these mandates, a Multi-Stakeholder Consultative Meeting was convened in Toronto (Canada) from 10 to 12 March 1999, to identify the key elements of a review of voluntary initiatives and agreements.

3. The Toronto meeting was designed and organized as a multi-stakeholder process through a steering committee, convened by the Commission on Sustainable Development secretariat, consisting of representatives of industry, trade unions, and non-governmental organizations and UNEP. The steering committee decided that a larger multi-stakeholder consultative meeting of experts with direct experience in voluntary initiatives and agreements would be required to identify the key elements of a review of these instruments. The Government of Canada offered to host the consultative meeting in Toronto. Participants were drawn from all the major stakeholder groups, including selected representatives of government with relevant experience and/or interest in voluntary initiatives and agreements.

4. The purpose of the meeting was to examine, based on individual experiences of participants, the lessons (positive and negative) learned about voluntary initiatives. A number of case studies were presented on different aspects of voluntary initiatives and participants were called upon to identify and discuss the elements that worked, or didn't work, in relation to each initiative's stated goals and objectives. The aim was to identify the key elements that might need to be considered in any review of voluntary initiatives and agreements.

5. The Consultative Meeting held plenary and working group sessions over a period of two and a half days. The opening session on Wednesday afternoon was preceded by a field trip organized by Industry Canada to the Chrysler-Bramalea Plant near Toronto which provided an excellent example of a voluntary initiative in action.

II. Key elements of a review of voluntary initiatives

6. Participants in presenting and discussing their experience with voluntary initiatives and agreements, both in plenary and breakout sessions, emphasized that any review of voluntary initiatives should take into account their great diversity and the need to place a voluntary initiative or agreement within its appropriate social, environmental and economic policy context. Voluntary initiatives and agreements should complement regulatory frameworks and foster continuous improvement. Voluntary initiatives and agreements constitute one type among a range of instruments that can be used to achieve sustainable development. The particular needs of developing countries, including capacity-building of various stakeholders, should be given special attention.

7. Participants identified at least nine elements that would need to be considered in the context of any review with a view to stimulating better understanding and continual improvement. These elements are set out below along with a few key questions or issues that might need to be addressed in respect of each element.

(i) Impetus and context

What are the conditions, events, considerations — for example, response to external pressures, policy gaps, social responsibility, desire to pre-empt or complement regulation and so forth — that led to the start of the voluntary initiative or agreement?

In what ways are stakeholders involved and what induced them to participate?

(ii) Purpose and design of the voluntary initiative and agreement

What are the goals and objectives of the voluntary initiative or agreement, and how do they relate to sustainable development?

How are the goals and objectives identified and by whom?

What strategic mechanisms are selected to achieve the goals?

What are the mechanisms for transparency and accountability?

What are the anticipated risks and benefits and how are they addressed in the design?

What is the timetable of the initiative?

(iii) Multi-stakeholder participation

How are stakeholders identified and how is their participation ensured?

Who takes the lead?

Which groups play a supportive role?

How do the varying interests secure representation?

What kinds of groups are involved — for example, government, business and industry, non-governmental organizations, trade unions — and what roles do they play?

How are issues of the responsibility of different stakeholders dealt with?

(iv) Commitment to sustain the voluntary initiative or agreement

What generates stakeholders' commitment?

How is commitment sustained in the face of changing circumstances?

(v) Mutual trust and respect

What working methods are used to build and sustain mutual trust and respect among the various stakeholders?

How does mutual trust, once established, contribute to successful problem-solving and conflict mediation?

(vi) Monitoring and assessment

To what extent does the voluntary initiative or agreement meet its stated objectives and goals and how does it contribute to the goals of sustainable development?

Who assesses performance, results and impact of the voluntary initiative or agreement?

How are assessment results to be shared and reported?

What methodologies are used to measure the costs and benefits of the voluntary initiative or agreement?

(vii) Verification

What independent external involvement and expertise are helpful in reviewing and validating the assessment?

How is verification to be structured in terms of finance, independence and credibility?

(viii) Communication

What types of information are generated and shared among the stakeholders and the public?

Was the information provided adequate for full and informed stakeholder participation?

How is this communication achieved so as to ensure transparency as well as respect for confidentiality?

How are learning and feedback used to promote continuous improvement?

(ix) Replication and capacity-building

How do voluntary initiatives and agreements contribute to capacity-building and broader replication and adoption so as to ensure continuous improvement?

III. Proposal for an information manual on voluntary initiatives and agreements

8. A proposal that emerged from the steering committee which was further discussed by participants at the Toronto meeting was the idea of preparing an information package such as a "tool kit", on voluntary initiatives and agreements. This information manual would inform parties interested in initiating a voluntary initiative or agreement about how to proceed with its design, implementation, monitoring, assessment and improvement. An outline of such a product was presented at the Toronto meeting by the International Chamber of Commerce (ICC). The "draft tool kit" was prepared by the consulting firm ECOTEC for ICC and UNEP. The draft, as presented, included 10 core modules organized around two main questions: (a) do you need a voluntary initiative? and (b) what steps would you need to follow to produce an effective voluntary initiative? The modules take a potential user through the logical steps of how to develop a voluntary initiative or agreement, how to disseminate information about it, how to implement it, how to measure its performance and how to ensure its continued improvement.

9. Participants saw the draft as a useful starting point, but felt that it should be developed within the context of a fully participatory multi-stakeholder process, including government representatives, to increase the sense of ownership of the product by all parties. It would also be necessary to expand the current focus of the proposed tool kit to ensure that the final product covered all aspects of sustainable development.

10. There was general agreement that the tool kit idea should be explored further within the context of the existing steering committee, facilitated by the Commission on Sustainable Development secretariat. It was felt that special attention in this process should be given to the needs of developing countries since guidance manuals of this type often mistakenly assume the existence of (a) organized stakeholder groups and (b) regulatory frameworks, to promote such concepts.

IV. Discussion of future steps

11. In general, there was agreement among all groups that voluntary initiatives and agreements, as constituting one type among several policy options, can play an important role in helping to achieve the goals of sustainable development. Participants expressed their commitment to working together constructively to create better understanding of the role of voluntary initiatives and agreements in sustainable development. Each group committed itself to certain future actions.

12. **Business** will continue to emphasize the diversity of voluntary initiatives and agreements as a resource of expertise and innovation and to encourage their development, dissemination and continued improvement. These future efforts will pay special attention to the needs of developing countries and countries with economies in transition as well as to the continued improvement of voluntary initiatives and agreements. Regulatory mechanisms at the local, national, regional and international levels in the form of laws, standards and agreements are important and business will continue to endorse the complementary role — and, in some cases, the leading role — that voluntary initiatives and agreements play in this regard. Supporting the engagement and partnership of all stakeholders will continue to be a key aspect.

13. Business participants welcomed further development of the draft tool kit for voluntary initiatives and agreements through a multi-stakeholder process so as to enable better understanding of these instruments, stimulate their further use for sustainable development, generate systematic information on voluntary initiatives and agreements and ensure their continued improvement.

14. **Trade unions** consider that voluntary initiatives and agreements should clearly identify the regulations or standards they claim to complement. They do not accept the limited view of voluntary initiatives or agreements as simply "complements to regulation". In their view, voluntary initiatives and agreements should take place within the context of a clearly marked-out and integrated regulatory reform process where standards are improved and strengthened. Therefore, trade unions will seek to link a Commission on Sustainable Development review of voluntary initiatives and agreements, if one is to proceed, with the current Organisation for Economic Cooperation and Development/Public Management Service (OECD/PUMA) review of the state of regulatory compliance. While promoting the uses of voluntary initiatives and agreements as positive instruments for sustainable development, trade unions will also promote the defining of minimum social, environmental and economic indicators that voluntary initiatives or agreements must never conflict with or undermine (for example, minimum social indicators would include International Labour Organization (ILO) core labour standards, child and forced labour provisions, and employment equality requirements).

15. Trade unions pledge to continue to engage employers and Governments in fashioning with them, or supporting, acceptable sustainable development agreements, be it through codes of conduct, environmental agreements or collective agreements. Trade unions express support for the continuation of the multi-stakeholder process launched by the Commission on Sustainable Development, particularly for the review process itself and for its implementation, as well as for the further development of the proposed tool kit. In pursuing these activities, the primary focus of the trade unions will be the collective bargaining process, of which sustainable development is an important part, so as to engage employers and their organizations in developing codes of conduct.

16. **Non-governmental organizations** see the Toronto meeting as the beginning of a long-term process which will require the continued commitment of all stakeholders. A key focus of follow-up actions needs to be exploration of the value of voluntary initiatives and agreements in developing countries. This exploration needs to be made through a multi-stakeholder process including Governments, business, trade unions and non-governmental organizations. The non-governmental organizations want the Commission on Sustainable Development to know that the stakeholders can work together towards concrete products such as the conceptual framework of elements, the voluntary initiatives and agreements tool kit and a multi-stakeholder review process. It is essential to ensure that these activities take place in a transparent, accountable and focused manner. The non-governmental organizations propose a three-year plan for the follow-up that focuses on multi-stakeholder round-table discussions on voluntary initiatives and agreements in thematic areas such as agriculture, forests, energy and transportation.

17. Comments from participants on the above proposals included the following:

(a) Follow-up activities will benefit from the development of a clear typology of these instruments; identification of the drivers and legal frameworks that surround voluntary initiatives and agreements; and a further look at the political economy of the voluntary initiatives and agreements (that is to say, their costs and benefits) compared with that of other instruments;

(b) There is a need to look at how multinational businesses that adopt voluntary initiatives and agreements for their operations in developing countries can involve stakeholders from those countries;

(c) It will be useful to explore the possibility of non-governmental organization support for engaging developing-country Governments and multinational businesses in a dialogue to explore the scope of possibilities for developing transboundary voluntary initiatives and agreements.

V. Conclusions

18. The Toronto meeting, and its preparations, demonstrated that multi-stakeholder processes do work. They help to produce outcomes with a greater sense of ownership by all parties involved and build on the recommendations of Agenda 21[3] for broad-based participation in sustainable development. Based on the discussions and cases presented at the Toronto meeting, it may be noted that voluntary initiatives and agreements increase direct action for sustainable development by business and other major groups. Voluntary initiatives and agreements that are participatory in design and delivery also help to build new partnerships and generate a renewed sense of commitment to long-term sustainability among the parties involved.

19. Voluntary initiatives and agreements are highly diverse and cover a wide spectrum of activities and sponsors, and should be seen within their own social, environmental and economic policy context. Voluntary initiatives and agreements constitute one type among several policy options available to countries to promote sustainable development, and can be a useful complement to regulatory frameworks. They can make an important contribution to the work of the Commission on Sustainable Development and to achieving the goals of Agenda 21 and the other United Nations Conference on Environment and Development commitments. More study is needed on the possible use and impact of voluntary initiatives and agreements in developing countries, particularly where regulation and compliance mechanisms are still at a formative stage.

20. There was broad agreement on the main elements that might usefully be examined if a review of voluntary initiatives and agreements was to proceed, but further consultation is required on how such reviews might be structured. For example, should this be done through a centralized process or through action at the local level by those directly involved in and affected by the voluntary initiative/agreement.

21. Important commitments for future action were made by all the stakeholder groups in Toronto, including interest in follow-up action on a tool kit, or information product, that would explain how voluntary initiatives and agreements can contribute to achieving sustainable development objectives.

VI. Recommendations

22. The Commission may wish to welcome the consultative process involving representatives of industry, trade unions, non-governmental organizations international organizations, and Governments, facilitated by its secretariat, aimed at identifying elements of a review of voluntary initiatives and agreements which was launched in follow-up to its decision 6/2 adopted in 1998.

23. The Commission may wish to reiterate the particular value of multi-stakeholder processes for sustainable development and encourage their further use both in future work on voluntary initiatives and agreements and in regard to other sustainable development issues.

24. The Commission may wish to encourage the stakeholder groups, in cooperation with relevant United Nations bodies, to continue generating information about voluntary initiatives and agreements, including the most appropriate means for possible reviews, and to make this information widely available. The Commission on Sustainable Development secretariat could facilitate these efforts, *inter alia*, through its Internet site. The Commission may also wish to invite the Secretary-General to periodically inform the Commission on the progress and developments in this area.

25. The Commission may wish to encourage further study with respect to better understanding the possible impact of voluntary initiatives and agreements on developing countries and to request the various stakeholders to report periodically, through the Commission's secretariat, on steps they have taken or progress they have made in assisting developing countries in understanding and making use, as appropriate, of the lessons to be learned from the utilization of voluntary initiatives and agreements.

26. The Commission may wish to welcome the commitments to future action made by the various stakeholders at the Toronto meeting and to encourage further dialogue among the stakeholders on information products that may assist countries and interested organizations in understanding the uses and value of voluntary initiatives and agreements in the context of sustainable development.

Notes

[1] See *Official Records of the Economic and Social Council, 1998, Supplement No. 9* (E/1998/29), for example, Chap. II.

[2] Ibid., Chap. I, Sect. B, decision 6/2, para. 18.

[3] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.